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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001107

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SUBJECT: CABINET RESHUFFLE: MANY NEW FACES, BUT NO MAJOR POLICY SHIFTS EXPECTED

REF: TAIPEI 1100

Classified By: The Deputy Director for reasons 1.4 (b/d)

¶1. (C) Summary: President Ma Ying-jeou's policy of pursuing improved ties with China should continue apace under the new Cabinet sworn in September 10. In addition to naming a new Premier and Vice Premier, Ma put new faces atop key Ministries such as Defense, Foreign Affairs and Economics in the broad government shake-up. Most media and political analysts saw the reshuffle as a political move to boost the President's popularity after widespread anger over his handling of Typhoon Morakot relief. They generally described the new Ministers as Ma loyalists with administrative experience to deal with a number of pressing issues, which Ma identified as reconstructing the typhoon-devastated areas, limiting the spread of the H1N1 virus, and nurturing the economy back to health.

NEW FACES IN THE CABINET ...

¶2. (C) The new Cabinet inaugurated September 10 included 10 new Ministers and a new Premier, Vice Premier and Executive Yuan Secretary General. That represented a far larger turnover than initially expected when President Ma vowed a reshuffle in response to the widespread public perception the government had botched typhoon relief efforts. Incoming Premier Wu Den-yih and Vice Premier Eric Chu are two savvy politicians who are expected to help the academic and at times aloof president connect with Taiwan's grass roots. None of the new Ministers under the Premier have held elective office, but they generally have lengthy backgrounds in government administration. Several studied at top U.S. universities.

¶3. (SBU) The new ministers are:

- Foreign Affairs: Timothy Yang, 67, most recently was Taiwan's representative to Indonesia. He earlier served as TECRO Director in Houston, and has a reputation as a low-key and hard-working senior diplomat. Yang is reportedly close to National Security Council Secretary General Su Chi from their time together at the University of Politics and Law Institute of International Relations.

- National Defense: Kao Hua-chu, 62, most recently was head of the Veterans Affairs Commission. He is the only defense Minister to not have served as commander-in-chief of the army, navy or air force.

- Economic Affairs Shih Yen-shiang, 59, who held the cross-Strait portfolio at the Economic Affairs Ministry during the first year of the Ma administration and then

briefly headed the state-controlled China Petroleum Corporation. He received a PhD from the Massachusetts Institute of Technology (reftel).

- Council for Economic Planning and Development (Chairman): Tsai Hsun-hsiung, 68, most recently was a minister-without-portfolio. He earned a PhD from Princeton University (reftel).

- Interior: Jiang Yi-huah, 49, most recently served as Chairman of the Council for Research, Evaluation and Development. Jiang received a PhD from Yale University and was said by commentators to be particularly close to Ma.

- Education: Wu Ching-ji, 58, most recently was Minister without portfolio. He was a visiting scholar at Harvard University.

- Council of Indigenous Peoples (Chairman): Sun Ta-chuan, 56, received high marks for pushing reconstruction of aboriginal villages hit hard in a massive 1999 earthquake.

- Veterans Affairs Commission: Tseng Chin-ling, 62, had been a strategic adviser to President Ma.

- Central Personnel Administration: Wu Tai-cheng, 64, had been a member of the Examination Yuan for 13 years.

- Research, Development and Evaluation Commission (Acting Chairman): Sung Yu-hsia, 53, was most recently the body's vice chairman.

TAIPEI 00001107 002 OF 002

...TO IMPLEMENT OLD POLICIES

¶4. (C) Local media commentary was virtually unanimous in saying the Cabinet overhaul would have little effect on policy. The Liberty Times, an opposition-leaning newspaper, sniffed in an editorial that the reshuffle was merely "old wine in a new bottle." Analysts pointed out that Ma himself, and not the Cabinet, was the driving force behind opening up to mainland China, the cornerstone policy of his administration. Ma's closest adviser on cross-Straight and other strategic issues, National Security Council Secretary General Su Chi, importantly was not involved in the reshuffle, further suggesting continuity in policy.

¶5. (U) On September 10, Ma told a nationally televised news conference that the initial stage of typhoon recovery was completed and the Government was back on track to reach agreements with China on an Economic Cooperation Framework Agreement (ECFA) and a financial memorandum of understanding.

In his own remarks, Wu vowed to pursue the President's policy of opening to China under the conditions of Taiwan's needs, public support and legislative supervision. He added that his Cabinet would not "push for anything fast just for the sake of being fast," an apparent nod to those on Taiwan uneasy about the pace of rapprochement. In a clear sign the public expected the new Cabinet to support Ma's opening to China, an opinion poll published by The China Times newspaper on September 11 showed respondents were more confident in the new Cabinet's ability to push forward Ma's cross-Straight policy than its ability to tackle other policy priorities.

¶6. (C) Ma told reporters the new Cabinet's priorities would include typhoon reconstruction work, preventing the spread of the H1N1 virus, and economic recovery. He labeled his new team an "action Cabinet" to refute accusations its primary goal would be to help the ruling KMT do well in December local elections. No doubt with fresh memories of widespread anger over the government's initial typhoon response in his mind, Wu led several of the new ministers to the disaster-stricken area in southern Taiwan just hours after

being inaugurated. The group stayed at an army camp where some typhoon evacuees were staying.

COMMENT: PLAYING TO THE LOCAL CROWD

¶7. (C) The new Premier's first actions support the widespread belief the Cabinet reshuffle was a move to boost the Ma administration's faltering public support and not to rethink major policies. By rushing to the disaster area and telling victims he wanted to live and eat with them -- in essence, to feel their pain -- Premier Wu showed a common touch lacking in the Government's initial response to the typhoon. That flair for political theater, often lacking in the early days of the Ma administration, should come in handy not only as the president grapples with thorny domestic issues such as a possible flu epidemic and economic recovery, but also as his KMT works to strengthen its hold on local government in December elections. The appointment of Wu, a Taiwanese-speaking official in a government dominated by "mainlanders," should also help the KMT blunt accusations that Ma's engagement policy with China is driven by officials determined to reunite with their ancestral homeland.

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